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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, SEPTEMBER 18, 2000

APPLICATION OF

COLUMBIA GAS OF VIRGINIA, INC.

CASE NO. PUE000284

Application to Extend Customer  
CHOICE<sup>SM</sup> Pilot Program

ORDER GRANTING APPLICATION

On May 31, 2000, Columbia Gas of Virginia ("CGV" or "Company") applied for an extension of its Customer Choice<sup>SM</sup> Pilot Program ("Customer Choice<sup>SM</sup>") from October 1, 2000, to the earlier of, the date the State Corporation Commission ("Commission") approves a permanent program, or October 1, 2001.

The Commission first authorized Customer Choice<sup>SM</sup> to commence on October 1, 1997, and to terminate on October 1, 1999.<sup>1</sup> On August 24, 1999, the Commission granted an extension of the termination date for Customer Choice<sup>SM</sup> to October 1, 2000,

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<sup>1</sup> The Commission approved the Commonwealth Choice Program in Application of Columbia Gas of Virginia, Inc., For general increase in natural gas rates and approval of performance-based rate regulation methodology pursuant to § 56-235.6 of the Code of Virginia, in Case No. PUE970455, Doc. Cont. Ctr. No. 970940273 (September 30, 1997). Effective January 16, 1998, Commonwealth Gas Services, Inc. changed its name to Columbia Gas of Virginia, Inc. The Commonwealth Choice Program name has been changed to Customer Choice<sup>SM</sup> to accommodate the name change of the company.

provided the Company met certain conditions contained in the Order granting the extension.<sup>2</sup>

On June 20, 2000, the Commission issued an Order for Notice on the requested extension docketing this matter, providing an opportunity for interested persons to comment on the application, and directing Staff to file a report addressing any comments received and making recommendations concerning CGV's application. The Commission further provided an opportunity for interested persons to file comments in response to the Staff Report. In its June 20, 2000, Order, the Commission noted that CGV stated in its application it would continue the Customer Choice<sup>SM</sup> program under the same terms and conditions previously approved, and therefore that the only issue before the Commission is whether an extension is in the public interest.

In response to the notice of the application, comments were filed with the Clerk of the Commission by the Town of Herndon, Virginia, and Washington Gas Energy Services. The Town of Herndon, Virginia stated its support for the program and asked that the Commission authorize the program to continue. Washington Gas Energy Services also provided support for Customer Choice<sup>SM</sup> and asked that the extension be granted by the Commission.

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<sup>2</sup> Application of Columbia Gas of Virginia, Inc., Application to extend Customer Choice<sup>SM</sup>, Case No. PUE990245, 1999 S.C.C. Ann. Rept. 476.

On August 28, 2000, Staff filed its Report in this matter. In its Report, the Staff notes that Customer Choice<sup>SM</sup> is a voluntary experiment using special rates pursuant § 56-234 of the Code of Virginia. Customer Choice<sup>SM</sup> offers residential and small general service customers in the Gainesville area the opportunity to purchase gas from independent marketers. CGV then delivers the gas under terms and conditions approved by the Commission.<sup>3</sup> The Report states that an extension was requested in order to give CGV time to address the requirements of recent actions including legislative changes amending gas retail choice programs, legislative changes in the Virginia tax code affecting state and local tax collection, and Commission adoption of Interim Pilot Rules for electric and natural gas retail access ("Interim Pilot Rules"). The Report also observes that the Company believes an extension of Customer Choice<sup>SM</sup> would ensure retail choice is not disrupted, and would permit a "seamless" transition to full access.

The Staff reports that CGV met one condition in its August 24, 1999, Order by filing an Interim Balancing Study. Pursuant to that Order, the Company also must file a Final Balancing Study at the termination of the program. In the first extension, the Commission also directed CGV to implement the

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<sup>3</sup> Application of Columbia Gas of Virginia, Inc., For general increase in gas rates, supra note 1.

terms of the generic code of conduct adopted in the Interim Pilot Rules once such rules were adopted.<sup>4</sup>

The Staff recommends that Customer Choice<sup>SM</sup> should be continued as requested by the Company. However, since CGV has not filed for a waiver from the deadlines for compliance with the Interim Pilot Rules issued May 26, 2000, the Staff reports that CGV should immediately file tariff revisions reflecting changes necessary to comply with the rules' requirements. The Staff further recommends that CGV should continue to collect daily load samples and profiles as required by the Order originally approving the program. It is recommended that the Final Balancing Study due to be filed upon transition to a permanent program should be continued to be required. In addition, the Staff proposes that the Company log the use of the capacity assignment option by suppliers, and log supplier requests for information. The Staff recommends that accompanying CGV's Final Balancing Study, the Company should include a summary of the use of the capacity assignment option,

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<sup>4</sup> The Commission approved Interim Pilot Rules, effective May 26, 2000, in Commonwealth of Virginia, At the relation of the State Corporation Commission, Ex parte: In the matter of establishing interim rules for retail access pilot programs, Case No. PUE980812, Doc. Cont. Ctr. No. 000530236 (May 26, 2000). The Interim Pilot Rules require companies with natural gas retail access pilot programs and participating competitive suppliers to comply with the rules' requirements within 120 days of the effective date, or from the date of a denial of a waiver. Compliance or request for a waiver is required by September 25, 2000. CGV has not filed for a waiver at this time.

supplier requests for information, and evaluation of stranded costs incurred during the program.

On September 6, 2000, CGV filed comments on the Staff Report. The Company requests the expeditious approval of the extension of the Customer Choice<sup>SM</sup> program. The Company states that CGV is in the process of finalizing tariff modifications and anticipates filing the modifications, or requesting a waiver, if necessary "within the next week." The Company further represents that it is prepared to submit the requested information, along with the Final Balancing Study, in its final status report.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that CGV's request to continue its Customer Choice<sup>SM</sup> program, subject to its commitment to incorporate Staff's recommendations, is reasonable and should be granted. We therefore will grant CGV's application subject to the following conditions: (i) the Company files tariff modifications, or requests a waiver if necessary, by September 25, 2000; (ii) the Company continues to collect daily load samples and profiles, and log the use of the capacity assignment option by suppliers and supplier requests for information; (iii) the Company evaluates stranded costs incurred during the program; and (iv) the Company provides a summary of

such information with the Final Balancing Study to be filed upon transition to a permanent program.

Accordingly, IT IS ORDERED THAT:

(1) The Company's application to extend its Customer Choice<sup>SM</sup> program from October 1, 2000, until the earlier of, the date the Commission approves a permanent program, or October 1, 2001, is approved, conditioned upon the requirements set forth above.

(2) There being nothing further to be done herein, this matter shall be dismissed from the Commission's docket of active proceedings.